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# THE BRITISH BUILDING GUILDS: A CRITICAL SURVEY OF TWO YEARS' WORK<sup>1</sup>

## SUMMARY

Social and industrial background; structure of the guilds, 80. — Distribution of function and control, 85. — Guild principles: "organized public service," the Guild form of contract, Guild workmanship, workers' control, continuous pay and remuneration, 90. — Credit, finance, and insurance; relations with the C. W. S.; the Guild's financial record, 100. — Experience of the guilds: competitive tendering; the Guild's challenge; continuous pay costs; comparative labor efficiency; building costs on Guild contracts; the quality of Guild workmanship; Guild discipline and employment management; progress of the Guild movement, 106. — Conclusions: as to the building guilds; as to Guild Socialism in general, 127.

WHATEVER may be the final verdict as to the work of the building guilds of Great Britain, there can be no doubt but that this novel experiment in Guild Socialism was undertaken on a scale sufficiently large and under circumstances sufficiently favorable to justify some verdict. The National Building Guild, Ltd.,<sup>2</sup> probably represents the largest single building concern in England today. It comprises in its organization over 140 local guild committees throughout the country,<sup>3</sup> employs

1. This article contains the substance of an investigation undertaken by the author for Professor Graham Wallas during the academic year 1921-22. Much of the field work was accomplished in March and April of this year and was confined to guild projects in the vicinity of London. The author wishes to make acknowledgment of the aid which he received at all times with the greatest readiness from Guild officials, Guild workers, chairmen of housing committees, and the engineers, surveyors, and architects of the various town and district councils referred to. In particular he wishes to thank Mr. Malcolm Sparkes, secretary of the London Guild, and Mr. Ernest Selley for valuable information and suggestions which they offered him in pursuing his investigation.

2. An amalgamation of the earlier Guild of Builders (London), Ltd., and the Building Guild, Ltd., of Manchester. The resolution of amalgamation was adopted at Manchester, July 23, 1921.

3. Only about half of these are active. "The rest," to use the words of Mr. S. G. Hobson, "are dormant through failure to secure public contracts . . . but they can be called into life and activity at a moment's notice."

about 6000 operatives — a number constituting between 1 and 2 per cent of the total building trades union membership<sup>4</sup> — has contracts on hand totaling approximately £2,500,000, owns plant and equipment in London alone valued at more than £20,000, and has to its credit about 1200 houses completed for local authorities at an estimated cost of £1,000,000. When a movement has assumed these proportions, its success or failure may be taken as significant in reflecting the soundness or fallaciousness of the theories which so far have animated its work.

The building guilds had a favorable start perhaps unique in the annals of communist and socialist experiments, certainly never to be duplicated in a nation's history. In the years prior to the war it was estimated that from 80,000 to 100,000 new houses were required each year to meet the normal needs of the working-class population. Up until about five years before the war this annual increment of houses was forthcoming, subject, however, to increasingly severe financial burdens and technical restrictions.<sup>5</sup> The costs of building materials were advancing rapidly, efficiency of labor had fallen to a low ebb, the technical organization of building operations was defective, and, finally, owing in great measure to certain duties imposed under the Finance Act of 1909–10, investments in speculative building enterprises were rendered almost devoid of profit. Capital as a consequence shifted to other types of construction work and employers refused to hire

4. Mr. Sparkes estimates the total building trades union membership as comprising about 50 per cent of all the workers in the industry. Organized labor in the building trades has lost considerable ground in the last thirty years, chiefly owing to numerous local and sectional disputes with the employers. Indeed, it was not until the formation of the N. F. B. T. O. in 1918 that the various craft unions could present a really united front in their struggle with the master builders. Cf. Webb, *History of Trade Unionism* (1920 ed.), pp. 481–483.

5. The average number of houses built each year during the period 1900–10 has been estimated at 80,000. Cf. H. R. Aldridge, *Housing at the Close of the War*, p. 3.

union labor except at terms which, considering the conditions of employment, were highly disadvantageous to the workers. A long series of strikes and almost continuous depression in the building industry were the result. The outbreak of the war found the employers and the operatives at grips on the issue of the closed shop, and a shortage of housing accommodation throughout the United Kingdom estimated by Mr. Lloyd George, then Chancellor of the Exchequer, at from 100,000 to 120,000 houses.

Four and a half years of war served only to aggravate these conditions. Building operations, excepting those directly connected with war needs, came virtually to a standstill. Altho a considerable number of houses were being built for workers in the munitions areas, these did not promise to alleviate to any great extent the housing shortage already existing. It was, therefore, inevitable that Great Britain should emerge from the war with a housing shortage exceeding half a million houses, and it was also inevitable that this shortage would never be met by the unaided efforts of private enterprise. The cost of building operations had become almost prohibitive. Many instances of alleged profiteering in the production of building materials came to light. In September, 1920, the Housing Department estimated that the cost of labor and materials required for the erection of working-class dwellings in the spring of 1920 was approximately 170 per cent higher than in 1914. It speedily became evident that large sections of the working-class population would be unable to pay an "economic rent," that is, a rental which would be considered a fair return on the capital invested, on houses constructed at the terms then prevailing.<sup>6</sup> If houses

6. Before the war the "economic" rent of a working-class dwelling usually amounted to about £20 per annum.

were to be provided for them at a reasonable rental, they would have to be provided at a loss which either the state or the local authorities must assume. To add to these difficulties, the efficiency of labor had sunk to a new low level and an acute labor shortage was threatened in the building industry owing to the withdrawal, in one way or another, of more than 200,000 of its able-bodied skilled workers.

Towards a solution of these difficulties the government in 1919, through the agency of its newly created Ministry of Health, inaugurated a housing program of unprecedented dimensions. By the Housing and Town Planning Act and the Housing (Additional Powers) Act of July and December, 1919, the Ministry of Health was empowered to require local authorities to undertake housing enterprises adequate to meet their needs, and was provided with funds out of which 75 per cent of the difference between the "economic rent" of the houses and what would be deemed a reasonable rental to the workers who were to occupy them, was to be paid to the local authority over a specified period of years.<sup>7</sup> All contracts accepted by the local authorities had first to be approved by the Ministry of Health, which had the power, if it found the estimates excessive, either to reduce them or to cancel the contract altogether, both of which it did in a great many cases. Detailed statements of costs on all houses constructed for the local authorities had also to be returned to the Ministry of Health from time to time. It was in this way that the writer was able to secure, through the kindness of local officials, the statements on building costs that are contained in this article.

7. The financial obligations of the local authorities consisted in most cases of the initial cost of erection, covered by the issue of short-term securities at 6 per cent per annum and a levy of one penny in the pound toward the yearly loss incurred by the renting of houses at less than their "economic" return.

Regarded as an experiment in social reform, as yet in its early stages, the building guilds must be examined in the light of the circumstances which have been set forth above. The unprecedented housing shortage, followed by the government's program for the erection of nearly half a million workmen's dwellings, undoubtedly afforded the guilds an opportunity for putting into practice their theories on a scale and under conditions which in normal times would have been impossible. No insurgence into the domain of private enterprise, however brave and well-conducted, would have secured for the guilds the volume of building undertakings which they now have in hand. The conditions of competition and of finance would have been greatly altered. It is in the ability of the guilds to obtain and carry out work satisfactorily for private parties that will be found their true and lasting worth to the community, and this work so far constitutes but a small proportion of the Guild's undertakings.<sup>8</sup> Moreover, it must be remembered that the guilds in competing with the private employer in the building industry of Great Britain are in many ways competing with private enterprise at its worst.<sup>9</sup> In other industries where the stimulating effect of foreign competition has made itself felt, it is doubtful whether the guilds could have made as good a showing as they have in the building of workmen's houses. Certain it is that England as a nation could never survive if the efficiency of labor in all her industries were on a level

8. The value of private contracts now in hand probably does not exceed £100,000 — about 4 per cent of the Guild's total undertakings. The Guild has been fortunate, however, in having had more than 10 per cent of its estimates for private work accepted, which is doing well for any building concern.

9. The term "private enterprise," altho used in this article to contradistinguish individual or corporate enterprise from Guild enterprise, is not one to commend itself to general use. There is on the face of it no more reason why an air-tight monopoly such as the guilds propose should be deemed any more public, or less private, than the competition of a number of individual employers who obtain work, not by threat or compulsion, but under a voluntary contract and solely on the basis of superior quality or lower cost of workmanship.

with that prevailing in the building industry in the years following the war.

It was against this setting that the guilds made their first appearance at Manchester in January, 1920, and began operations simultaneously at Manchester and London in October of the same year.

A study of the structure of the guilds is essential to an understanding of what is probably their most difficult problem at the present time, namely, the distribution of industrial control. The fundamental unit in building guild organization is the local guild committee, ordinarily composed of one or two, but not more than two, representatives from each trade union connected with the building industry. Each craft is thus assured an equal voice in the activities and transactions of the committee. In addition to this, one elected representative from any approved group of building trade workers, whether administrative, technical, or operative, may sit upon the committee with the right to take part in its decisions. In London this "approved group" consists of architects and surveyors connected with the regional board, and ordinarily they elect their own representatives to serve on the local committees and also on the London Board. All members of the guild committee serve for one year and are eligible for reelection, altho the right of recall is always reserved and the electing body may withdraw their representative at any time and under any circumstances, as they may see fit.<sup>1</sup> The London Guild, owing to the wide extent of the metropolitan area, has evolved a supplemental type of local organization known as the area committee, which is

1. Each trade union or approved group adopts its own methods of election. In the case of the unions this was at first done by vote of the management committees, but this has gradually given way to a democratic vote of the members. The members of each union thus have direct control over their representative on the local guild committee.

usually composed of one representative from each of the guild committees in a designated area or district. In some cases, as at Walthamstow, where the work in hand is centered mainly in a single locality, the area committee may take direct representation from the local trade unions, thus omitting the intermediate stage. These and other anomalies in the Guild structure are now being overhauled, and it is expected that in the future the constituent committees of the London Guild will probably number something like four.

An extra-constitutional development in the local building guild organization is the works committee, usually set up in connection with each contract of any considerable size. The composition of this committee varies among the different guilds, but in most cases it consists of one or two representatives from each craft at work on a job, elected by the men on the site, each man voting for his own craft. At Walthamstow and Greenwich the works committees are represented on the area committees by means of coöpted members elected by the men at work on the housing schemes. Altho the works committee is not recognized in the constitution as a unit of the building guild organization, it is certainly an element to be reckoned with, and an attempt at defining more exactly its status and functions may be looked for in the near future.

Serving to unify and coördinate the work of the guild committees in any one region — the “region” in question usually corresponding to the regional areas of the N. F. B. T. O. — is the regional council or board. Originally the London Guild and the Manchester Guild were the only two regional organizations, all committees outside the London area being affiliated to the latter, but on July 23, 1921, the two societies were amalgamated and a national organization was created in



which they were but two out of eight other regional councils. As provided in the constitution, the regional council is constituted of not less than ten guild committees, each committee electing one representative to serve three years, at the end of which time he is eligible for reëlection.<sup>2</sup> It is also provided that each regional council, to secure equitable craft, administrative, and technical representation, may coöpt additional members to a number not exceeding one-fourth of its total membership. Aside from these provisions, however, certain distinctive features mark the organization of each of the regional councils. The London Board, for example, is composed of nine members representing the area committees formed in different parts of London, eleven members representing the several craft unions affiliated to the N. F. B. T. O.,<sup>3</sup> one representative of an "approved group" of architects and surveyors, one representative from the Electrical Trades Union, and one from the National Union of Clerks. No one holding a managerial position may have a vote on the Board, altho the Guild officers are invariably present at its meetings and may influence its proceedings in a manner to be described. These elected representatives are the members of the regional board, and the whole board constitutes, or until April 1, 1922 did constitute, the industrial society, as registered under the Industrial and Provident Societies Acts. Each member on election takes up a one-shilling share in the society and becomes nominally, that is to say, legally, one of its directors. His office as director, however, carries with it no permanency of

2. In districts where area committees have been formed, one representative from each area is appointed by the committee to serve on the regional council, subject to the consent of all the guild committees in the region.

3. These are elected by the management committees of the unions. The London Guild is the only one that permits this heavy representation of trade unions on the regional board, and Mr. Sparkes informs the writer that the matter is now being reconsidered.

tenure, for upon election he must sign an open transfer form which is deposited with his electors and by virtue of which he may at any time be required to transfer his share to whomever they may appoint to succeed him. These shares, it should be remarked, are not to be regarded as the Guild's "capital" — whether as liability or asset — for they are purely a fiction designed to satisfy legal requirements.<sup>4</sup>

At the close of the guilds' fiscal year ending March 31, 1922, the Guild of Builders (London), Ltd., and the Building Guild, Ltd., transferred all their engagements, financial and otherwise, to the National Building Guild, Ltd., which has now become the legal entity for signing contracts, arranging credit, organizing finance, and in general assuming the legal liabilities involved in the business.<sup>5</sup> The governing body of the National Building Guild is the National Board, so-called, composed of one representative from each regional council who is nominated and elected by the guild committees in that region.<sup>6</sup> Members of the National Board are elected for three years, and are subject to recall at any time by a joint decision of the regional council and guild committees concerned, altho such a decision must be by a two-thirds majority. No representation on the National Board is now given to the trade unions as such, but it is likely that in the future both the N. F. B. T. O. and certain "approved groups" of technicians and others will be given representation, since it will be essen-

4. The writer encountered one local official who was thoroly convinced that the guilds could not succeed. On being asked for his reasons, he pointed to the London Guild's balance sheet for the year ending March 31, 1921, and said: "Why, don't you see, they've only got 19 shillings capital! No building concern can succeed without capital." So it was: "Share Capital — 19 shares at 1s., fully paid — 19 shillings."

5. A scheme of reorganization is now being considered, under which each of the ten regional councils would become a separate legal entity for carrying on these functions.

6. Each representative on the National Board must be a member of the regional council which he represents, but he is elected by and must have the support of the local bodies in his region.

tial for some time to come that the guilds and the unions work in the closest possible coöperation. Like the Building Guild of Manchester, the National Building Guild is registered under the Companies Acts, and members of the National Board are "directors" in name only, being required upon their election to sign open transfer forms by virtue of which they may be recalled from office at any time.

Before turning to a consideration of the distribution of function and control under the guilds an additional feature of the Guild structure must claim our attention — that relating to the administrative side of the organization. At the head of each local committee are a chairman and secretary, whose duties are mostly of a routine sort, altho the secretary is generally considered the administrative officer of the committee and acts as mediator between the general foreman and the committee members. Supervising the work on each contract is the general foreman, nominated by the trade unions and appointed by the local area committee, subject to the approval of the regional board. Under him and in charge of the work on each operation are a number of departmental foremen, who are recommended for the office by the management committees of the trade unions concerned, and are appointed by the guild committee. None of the foremen are allowed to sit on the local committee, but may and usually do attend its meetings in an advisory capacity. They may be removed from office at any time by vote of the guild committee, altho resort to this expedient has not yet been necessary. Most significant of all is the stipulation that none of the foremen, whether general or departmental, are nominated or appointed by the men at work on the site. This may not be "industrial democracy" in all its purity, but it is a provision which has proved indispen-

sable to the continued maintenance of industrial efficiency. The officers of the regional board, or heads of departments, usually include a secretary, an accountant, and a surveyor; in London the additional office of "building organizer" has been created. The board appoints its own officers, selecting them from applications sent in by suitable candidates. The architects constitute a group by themselves and usually elect to serve in rotation, except in cases where special qualifications are required.

The outstanding feature of the Guild distribution of control is local autonomy. Altho the National Board under the recent amalgamation becomes the legal entity for the signing and execution of contracts, the local guild committee is responsible under the constitution for carrying out all contracts signed on its behalf.<sup>7</sup> It appoints its own foremen, general and departmental, and fixes their salaries; it controls its own bank account, drawing and signing checks for wages, materials, and other purposes; it may purchase its own materials, but on request must forward duplicate copies of all orders to the national board or regional council. Beyond its powers of appointment and of recommendation, however, the guild committee has little to do with the actual work of management, which is entrusted to the various administrative officers appointed for the purpose. Altho the committee controls its own bank account, it must not pledge the credit either of the regional council or the National Board without their consent. The guild committee must agree to coöperate, both in policy and detail, with the National Board, and it is specifically set forth in the constitution that "no action, rules, or

7. It should be here explained that the local guild committee, as such, cannot become a legal entity, being exclusively a trade-union organization.

regulations of the guild committee shall be valid, if such action, rules, or regulations shall preclude or hinder the development of the National Building Guild.”<sup>8</sup> Representations made by the National Board through its properly accredited officers must be acted upon by the committee, subject, however, to appeal or arbitration.<sup>9</sup> It is also the duty of the committee to organize social functions, encourage good fellowship, and spread Guild ideas by propaganda and example.<sup>1</sup>

The regional council, altho no longer a legal entity, has full power to enter into negotiations with local authorities and others for obtaining contracts, subject to the consent of the guild committees concerned and subject to the assent of the National Board as to finance and credit. It is expressly understood that the regional council must not pledge the credit of the latter body without its consent. The council maintains its own overdraft and bank account, but all moneys payable to the Guild are first sent to the head office at Manchester and then distributed as required to the regional councils and local committees. In London the reserve funds for continuous pay are still under the control of the regional council, altho by the terms of the recent amalgamation this is properly the function of the National Board.

The National Board is the sole legal entity at the present time for the purpose of signing contracts, arranging credit, organizing finance, and in general assuming the legal liabilities involved in the business. It has full control of credit, finance, supply, insurance, and policy. It administers the central reserve funds for continuous pay, technical research, and insurance, and its credit is the only credit in the legal sense that the guilds

8. Constitution of the National Building Guild, Article 16.

9. *Ibid.*, Article 11.

1. *Ibid.*, Article 15.

possess at the present time. The National Board may, on occasion, coördinate the activities of the regional councils and guild committees in the use of plant and equipment and in the purchase, manufacture, and supply of building materials. As to general questions of policy and finance, the National Board, being the legal entity, must necessarily have the final word, but in the event of a serious disagreement, the question would probably be referred to a national conference of delegates from all the guild committees in Great Britain which meets once a year. It is likely that under the scheme of reorganization now being considered a considerable decentralization in the powers of the National Board with respect to questions of finance and policy will take place.

The function of management rests with the administrative officers, that is to say, with the general and departmental foremen, the heads of departments, and such other officers as the regional council or guild committee may appoint. In the London Guild the function of the regional secretary is to open up new business for the Guild, to conduct its general administration, and to organize its publicity, while the actual conduct of building operations is left with the "building organizer," who issues estimates and superintends the work of the local guild committees. Cost and other accounting is the work of the accountant on the regional council, who works in close coöperation with the general foremen and others in charge of building operations. The hiring and discharge of workers is the function of the general foreman, who may be required in case of discharge to inform the secretary of the guild committee of such action, and the reasons for dismissal. As before remarked, no one holding an administrative position may have a vote on either the guild committee or the re-

gional board. They invariably attend the meetings, however, and may have their way if they can carry conviction by a reasoned statement of their views. This rule has been found to work exceedingly well, and it is very seldom that the policies of the guilds go astray through disregard of the administrative officers' recommendations. An interesting development at Walthamstow is a monthly conference of departmental foremen under the chairmanship of the area committee's representative on the London Board, himself an operative bricklayer, to discuss methods and improvements in technique. Technical matters are never referred directly to the rank and file, whether by formal referendum or otherwise, for their decision; but at London an unofficial organization known as the area conference has grown up, whose purpose is to bring the rank and file into closer touch with administrative problems. This is a monthly meeting of delegates from all the area committees, and matters of Guild policy are frequently referred to it from the London Board for discussion and settlement. At Manchester an organization of somewhat similar purpose, the Operatives' Main Committee, has been created, designed to bring the rank and file into close contact with administrative problems, even to the extent of exercising control.

For all this, however, the function of management is not under the direct control of the rank and file. Heads of departments are appointed by the regional board and are responsible to it alone for their conduct in office. General and departmental foremen are appointed by the guild committee, and are responsible chiefly to it, altho the latter are dependent to a considerable extent on the support of their own trade unions. Members of the Board are at least two removes from the rank and file, and members of the guild committee are at one

remove, so that it is difficult in most cases for the rank and file to secure the removal of an administrative officer so long as he has the support of his guild committee or the regional council. This has seemed to the writer in the highest degree providential, so far as the guilds were concerned. Nevertheless, there has crept into the relations of the management and the workers a feeling somewhat akin to that prevailing in private industry between employer and employees, unjustifiable tho it may be. Petty jealousies among the men, a vague idea that management, except in the case of functions exercised by the departmental foreman, could be dispensed with, and some resentment at the manner in which administrative officers are appointed, have undoubtedly lent weight to the growing movement among the rank and file in favor of extending the functions of works committees to include that of actual management.

At present there is no standard definition of the status and functions of the works committee within the building guild organization. On practically every Guild contract of any considerable size works committees have been formed, and they are certain to be retained as an integral part of the Guild organization of the future. Sentiment among the guildsmen, however, seems to be divided as to whether their functions should be curtailed or extended, and the line of division, curiously enough, follows closely that between the management and the rank and file. Recently in the *Building Guildsman*, a monthly journal issued by the guilds and devoted to topics of current interest, an attempt was made to sound the opinion of the guildsmen on this point, and some extremely interesting replies were received. The attitude taken by the Guild officials seemed to be that the function of management was best entrusted to the



guild committee through its representatives, the general and departmental foremen, leaving to the works committee the work of administering the canteen, inspecting trade union cards, looking after the general welfare of the workers, and investigating grievances that arise on the sites from time to time. It was particularly emphasized that needless duplication in carrying on the work of the guilds was to be avoided, and it was asserted that the demand for an extension of the works committee's powers was a tendency in this direction. The operatives retorted with some rather vigorous replies,<sup>2</sup> the consensus of which seemed to be that the works committee should have a definite and active representation on the guild committee, should receive all complaints and suggestions relating to the job, should hear all appeals against discharge with power to reinstate, subject to the approval of the guild committee, and should recommend to the committee any alterations in the existing working conditions which, in its opinion, would promote the satisfactory completion of the contract. This question has yet to be finally settled, but the guilds have already had considerable experience with the functioning of works committees, and this experience seems on the whole to vindicate the attitude taken by the management.

The watchword of the building guilds is "industry organized for service," and whatever else may be said for or against the guilds, it must be admitted that they have been conscientious in the pursuit of this aim. Under no circumstances are surplus earnings devoted to

2. The following from the Glasgow District Workers' Committee is typical: "The Glasgow District Workers' Committee flatly refuse to accept any such position, and will not be satisfied with the far-off hope that 'ultimately' it 'may' take an important part in the Guild movement. 'Live, old horse, and you'll get corn,' is ever on the tongues of the timid who attempt to buy off present difficulties with future promises. The Guild workers live in the present, and insist in sharing the responsible managerial work of the Guild *now*." *The Building Guildsman*, February, 1922, p. 42.

the payment of dividends, one sufficient reason being that there are no shares on which dividends can be paid, and workers receive no more above the standard rate than is necessary to provide for them "continuous pay" at the terms presently to be described. In this respect the guilds differ radically from coöperative enterprises, in that the aim of the latter is not to give service — except to their own members — but to get it, and get it at a reduced cost. Any surplus earned by the guilds through savings on estimates is devoted entirely to the improvement of the service, by providing for increased equipment, for reserve and working capital, for technical training and research, and for the elimination of hired capital. The guilds are today in urgent need of working capital, but they have already undertaken to increase their equipment by the erection of a joinery works at Paddington, and practically every penny raised in subscriptions to the Guild loan of £150,000 has so far gone into the building of this new plant and the installation of machinery.

The Guild form of contract admirably illustrates the sound practical basis upon which the guilds have founded their ideal of "organized public service." Under the agreement with the Ministry of Health the Guild undertakes, in conjunction with the Coöperative Wholesale Society as to finance and insurance, to build houses for local authorities on a no-profit basis, the latter to pay the actual costs of building plus a fixed fee for continuous pay to the workers. Any savings effected on the original estimates are returned intact to the local authorities, and this has meant in most cases a saving of thousands of pounds to local bodies in carrying out their housing schemes.<sup>3</sup> Toward the expenses of plant

3. At Bournemouth the saving effected on the contract price was converted by the Guild into two additional houses and presented to the town.

and maintenance, and establishment charges, including the salaries of buyers, head office expenses, and salaries of supervising staff, the Guild receives 6 per cent on the *actual* cost if this proves to be less than the *estimated* cost, but only 6 per cent on the *estimated* cost if the *actual* cost should prove to be greater. This is virtually a sliding-scale agreement, under which the Guild penalizes itself for any excess of the actual over the estimated cost, altho it is stipulated that any increase in costs due to higher rates of wages, but not to higher costs of materials, shall be included in reckoning the amount under the Guild under the 6 per cent clause. Increases in both material and labor costs, however, are to be allowed for in determining whether the Guild is carrying out its contract satisfactorily, and in the contrary event the local authority may break the contract at any time after three months from the commencement of the work. This "break" clause, as it is called, has never been invoked by any local authority for whom the Guild has done work. Finally, the Guild receives, as has already been mentioned, a fixed fee of £40 on each completed house to provide "continuous pay" for the workers, that is to say, payment for time lost whether through sickness, accident, bad weather, or holidays, and it is expressly agreed that any surplus arising under this or any other head shall be devoted to the improvement of the service.

A number of building trades employers have criticized this provision for a completion fee of £40, declaring that it is nothing less than a "subsidy" offered by the Ministry of Health to forward the work of the guilds and drive the private employers out of business. Mr. Stephen Easten, formerly president of the National Federation of Building Trades Employers, created a sensation when, in January, 1921, he suddenly resigned

his position as honorary director of production under the Ministry of Health, giving as his reason that he would no longer countenance the preferential treatment that was being accorded the guilds by the Ministry in its agreement to pay them a fee of £40 on each completed house, regardless of whether the actual cost was greater or less than the contract price. Earlier in his term of service under the Ministry, the Guild proposition had been submitted to him and he had promptly vetoed it, believing that an organization of trade-union workers without previous experience or working capital was not in a position to carry out contracts satisfactorily for the government. The Ministry of Health, however, concluded an agreement with the guilds over his head and he thereupon resigned. Soon afterwards in a public statement <sup>4</sup> he declared that the completion fee paid to the guilds by the Ministry was unfair, in that while the private contractor received £40 profit per house if the estimates were not exceeded, and had to lose, if the estimates were exceeded, 20 per cent of the difference up to £20, the Guild was assured of its £40 per house whether the actual cost was less than, equal to, or greater than the estimated cost.<sup>5</sup> At first sight this does seem, as alleged by Mr. Easten, a case of preferential treatment, but the guilds have contended that what the private employer regards as "profit" is not to be confused with what the guilds regard as "costs." In the first place, they say, since all tenders for housing con-

4. Cf. *The Builder*, January 21, 1921, p. 105.

5. Mr. Easten has also criticized the Guild contract on the ground that the 6 per cent allowance for establishment charges, plant, and maintenance, is excessive and furnishes another instance of preferential treatment on the part of the Ministry of Health. The private contractor receives 1½ per cent for establishment charges, £7 per house for light plant, and 2 per cent per month for heavy plant — the last two of which items are estimated by Mr. Easten to be equal to about 1½ per cent on the contract price. All maintenance is charged up under the contract, so that the guilds are apparently receiving twice as much as the private contractor for plant, maintenance, and establishment charges. This has nothing to do with savings on estimates, which are calculated on the basic price, and are not favorably or otherwise affected by the 6 per cent allowance.

tracts are on a competitive basis, the Guild obviously would get no contracts at all unless its basic estimates, including the 6 per cent charge for establishment expenses, were substantially below those of private contractors. Secondly, even if it is true that the Guild, owing to its policy of continuous pay, is able to make reductions in its estimates of labor costs, this is solely on the expectation that workers in its employ will thereby be moved to render more efficient service than they would otherwise, so that it is only just that the completion fee of £40 should be regarded as part of their "costs" and so be immune from the penalties that ordinarily attach to the private builder's profit.

An obvious answer to this is, of course, that the guilds' cause would not be greatly damaged if, disregarding the ethical niceties involved, the fee for continuous pay were put upon the same basis as the employer's profit, for if the estimates were exceeded, the policy of continuous pay would have failed of its purpose, and no injustice would be done the workers in depriving them of pay for holidays, bad weather, sickness, and accident, which they had neither earned nor deserved. The guilds have nowhere, to the writer's knowledge, satisfactorily met Mr. Easten's objections on this point, altho they were not originally stated in just this manner. In any case, the discrimination in question could hardly be described as "unfair," for if the guilds have not been held liable for building in excess of estimates, they have not, as the employer has, received the benefits of any definite share in the savings they have effected on estimates, and this, as events have proved, would have been a far more significant item in their profit and loss account at the present time. Moreover, it is highly probable that the criticism of Mr. Easten and others is actuated at bottom by the knowl-

edge that what the Guild receives in lieu of the private builder's "profit" can be devoted entirely to raising the wages of its workers, and so enabling it to compete on favorable terms with the private contractor on the basis of an increased efficiency of labor. While the building guilds were in an experimental stage, it was perhaps justifiable to claim that the same treatment should be accorded them as was accorded the private contractor in respect of the completion fee of £40, but in any case they have vindicated the faith that was put in them and whatever their workers have received in continuous pay they have earned and deserved. Whether the Coöperative Wholesale Society, without the security of a fixed completion fee, would have been so willing to extend to the guilds its facilities of credit and insurance is problematical, but it is not a matter which need concern us here.

On private work the guilds have instituted what is known as the "maximum sum" form of contract, under which the customer takes absolutely no risk of having to pay more than the estimated cost, for the Guild guarantees that the price charged will not exceed a certain maximum sum, whatever the actual cost may be. If the actual cost proves to be less than the estimate, at least 50 per cent of the saving so effected is returned to the customer, and from 10 to 50 per cent of the remainder is retained by the Guild and placed in a contingency fund, to provide insurance against future possible loss under this head. Apart from the housing schemes now under construction, practically all of the Guild work in the future will be under the maximum sum form of contract, and it is still to be seen whether this novel attempt to express in concrete terms the ideal of "organized public service" will meet with popularity and success.

The ideal of service finds its highest expression in the determination of the guildsmen that work done on Guild contracts shall be of the highest possible quality, in respect both of materials utilized and workmanship applied. The building guilds, unlike many of the private contractors, have never made it a policy to secure acceptance of their tenders through scamping on the grade of materials or to hasten the completion of a contract through scamping on the workmanship in even the smallest details. Indeed, this has been carried to such lengths that the Guild surveyors, in making a report to the National Board early this year, declared that "the quality of the work done, commercially considered, is better than is required. . . . We are confronted with the grave difficulty of competing with private builders with good work against scamped work at competitive prices." <sup>6</sup> It is an ambition of the guildsmen to do work that shall equal, if not surpass, in quality that done by the craft guilds of the Middle Ages, and several features of Guild workmanship that will later be described have been designed with this end in view.

The policy of control by the workers which is inherent in the Guild structure has already been referred to, and need not be again discussed further than to point out that the organization of the guilds is not so much an example of pure "industrial democracy," much abused tho that term may be, as it is one of industrial management through delegated authority subject to indirect democratic control.

In recognition of the social value inherent in human effort — what some economists would call the "human costs" of production — the guilds propose to substitute for the existing wage contract, which, they claim, is based upon a commodity valuation of labor and is there-

6. *The Building Guildsman*, May, 1922, p. 76.

fore thoroly unsound,<sup>7</sup> a system of remuneration which shall more adequately meet the needs of the worker as a human being. Under the guilds, labor becomes the first charge on the industry and its social value is recognized in the provisions for continuous pay. As originally conceived, the system of continuous pay was to be an approach to the ideal of full industrial maintenance—maintenance, that is, of all workers at the full standard rate during unemployment, bad weather, sickness, accidents, and holidays—which has in recent years been so vexed a question in England. By this means it was hoped that the worker, with the fear of unemployment removed, would abandon his “ca’canny” attitude toward production, and would coöperate more willingly with the employer in an attempt to increase output and improve the standards of workmanship. The guilds unaided, however, were not in a position to undertake a program of full industrial maintenance, and it was finally decided that the provisions for continuous pay should apply only while the worker was actively engaged in the service of the Guild. Payment for time lost through unemployment, therefore, was not attempted and it has even been found necessary to scale down considerably the rates paid for time lost on account of sickness. The following scale of sick pay was adopted in January, 1922, and is at 50 per cent of the standard rate:<sup>8</sup>

After 3 months' continuous service, 4 weeks at 50 % per man per year

“ 6	“	“	“	5	“	“	“	“	“	“
“ 9	“	“	“	6	“	“	“	“	“	“

7. It is difficult to follow the reasoning of Guild theorists on this point. To the writer it has always seemed that there is much to be gained, especially in attempting to solve such problems as unemployment and low wages, in a frank acceptance of the fact that labor possesses all the characteristics of, and to all intents and purposes is, a commodity. If anything were needed to fill out this concept so as to make it applicable to industrial relations, it is to remember that the units of the labor supply are human beings, not sticks of wood nor pieces of metal.

8. These are the rates for the National Building Guild. The London Guild still adheres to a slightly different arrangement, under which skilled workers begin to receive



The standard rate for skilled craftsmen being nearly 25 per cent higher than that for ordinary laborers, their rates of sickness pay are correspondingly increased. In addition to this the workers receive benefits payable under the National Health Insurance Act of May, 1920, which provides, after the first two years of insurance, benefits for sickness at the rate of 15s. per week for a possible period of twenty-six weeks, and after this period a disablement benefit of 7/6 per week to be paid indefinitely. The 15s. benefit works out at about 20 per cent of the present standard rate for skilled workers, so that for at least a month of his sickness the Guild worker is assured of an income from these two sources alone approximating 70 per cent of his regular earnings. For time lost through accidents the Guild pays its workers at approximately the standard rate, if account is taken of the sums payable under the Workmen's Compensation Act. Payment for time lost through bad weather and holidays is at the full standard rate,<sup>9</sup> both of which items constitute a considerable portion of the Guild's charges for continuous pay. The actual cost of continuous pay during the first two years of the Guild's operations, and its effect on labor efficiency, will be discussed at a later stage.

No general principle of remuneration is discoverable in the gradations of pay adopted for the different classes of Guild workers. The operatives receive the standard rates of pay established for the building industry by the Wages and Conditions Council of the Building Trades Parliament, plus the amounts payable under the con-

sick pay after six weeks of continuous service, and after six months' service receive pay at something more than 50 per cent of the standard rate. The rates for building laborers in London are not so high as those paid by the National Guild.

9. This statement is based upon information from Mr. Sparkes. In the Walthamstow Guild, payment for holidays is at the rate of one-half day per month per man, with payment for four statutory bank holidays in addition. Whether this amounts to the full standard rate, the writer is unable to state.

tinuous pay provisions of the Guild. Departmental foremen are usually paid 3*d.* per hour above the standard rate, and general foremen receive about twice the standard rate for operatives. The salaries of heads of departments, e. g., the regional secretary or accountant, are from 25 to 50 per cent above those of general foremen. Members of the regional or national boards receive payment only for time lost and expenses. The architects employed by the Guild receive the fees customarily paid in private industry; no premium, bonus, or other extra reward is ever paid to the technicians. The surveyor is sometimes a salaried official, in which case he would rank as head of a department, but usually the guilds pay their surveyors on a commission basis, and at Manchester the fee is fixed at three-fourths of one per cent of the value of contracts secured. In no branch of the Guild service has any system of payment by results been introduced, and developments along this line are exceedingly unlikely.

A number of questions addressed to Mr. Sparkes by the writer as to the ideas underlying the Guild's methods of remuneration brought forth the following response:

The maximum of individual effort must be evoked in the Building Guild by the desire of the worker to do his best for the Guild, just in the same way as a football player does his best for his team. The motive is creative rather than possessive, altho there are, of course, very substantial chances of promotion in the Guild. . . . It would seem impossible at the present stage of development to avoid grades. The only thing that can be done is to approximate each grade to the recognised remuneration for that grade. *There is a good case for levelling up the standard rate so far as it can be done without unduly increasing the cost of building. There appears to be no case for lowering the technical grades merely in pursuit of a sentimental desire for equality. . . .* I think you may take it that the Guild will never go in for payment by results. *It is quite true that there are differences of ability, and it is only occasionally that each man in a team of mixed ability can be said to be doing his utmost, but that will develop in time.*<sup>1</sup>

1. Italics have been added.

One is at a loss to discover in this strange jumble of facts and theories any clearly defined principle of remuneration, and it is doubtful whether the guildsmen themselves are satisfied on this point. Grades of remuneration there certainly are, and differences in individual ability are recognized by the leaders of the movement as a problem to be met with and conquered. The dominant tendency in Guild Socialist theory, however, and to a less extent in its practice, is to indulge the hope that a maximum of individual effort may be evoked through the ideal of service and of coöperation toward a common end, rather than through any monetary appeal to the individual's selfish desire to lead or to excel. Competition among the workmen to the end that the more efficient may receive differential treatment in the way of remuneration or promotion has been largely eliminated.

The guilds at the outset were seriously embarrassed by the lack of any means of securing adequate credit to finance their undertakings. The London Guild had already raised about £1500 by the sale among local branches of the N. F. B. T. O. of non-interest-bearing certificates to the value of 5s. and upwards, repayable at a date to be determined by the Board, to meet preliminary expenses, but neither it nor the Manchester Guild were in a position to purchase the large quantities of plant and equipment that were required or to extend to the Ministry of Health satisfactory guarantees as to the completion of contracts. Fortunately at this juncture the building department of the Coöperative Wholesale Society — the largest dealer in building materials, with the exception of the government, in Great Britain — became interested in the Guild's activities, and the Society finally consented to be a third party to

the guilds' contracts with the Ministry of Health, and to place at their disposal its facilities of credit and insurance, to be secured by one-half of the £40 receivable on the completion of each house and also by the weekly payments falling due under the contracts. In this way the guilds were enabled to secure advances whereby the initial costs of plant, equipment, and materials, and the first few weeks of the workers' pay, might be paid and operations commenced without delay. Without this timely aid it is doubtful whether the guilds would have prospered to the extent that they have.

The guild committees are allowed to maintain an overdraft at the local branch of the Coöperative Wholesale Society's bank to an amount not exceeding 2 per cent of the total value of the contracts in hand. Each local committee controls its own bank account, pays interest on its overdraft, and makes out its own checks for wages, materials, and other purposes. In this connection it is significant to note that during the period from October, 1920 to December, 1921, checks were drawn in excess of £400,000 and every penny was satisfactorily accounted for. This does not mean that the guilds' methods of accounting and financial administration have reached perfection, however, for they have still far to go in this direction. All payments received by the National Board from local authorities and others on account of contracts under way are credited to the accounts of the respective guild committees, after a deduction of 2 per cent has been made for administrative expenses of the National Board and the regional councils.

Under the contracts with the Ministry of Health, the Coöperative Wholesale Society undertakes to insure the local authority against possible loss incurred through termination of the contract at any time because of dis-

satisfaction with the Guild's work. In virtue of a premium paid by the Guild of 2s. 6d. on every £100, the local authority may recover from the C. W. S. a sum not exceeding 20 per cent of the estimated cost on each contract.

Early in the spring of this year an unfortunate incident occurred in the Guild's relations with the C. W. S., an incident which is likely to direct the future policies of these two bodies apart from and against each other, rather than toward any closer coöperation or possible union. The directorate of the C. W. S. professed entire willingness to extend to the guilds its financial accommodation on all basic contracts, and such aid has at all times been forthcoming on receipt of the proper security, but when the question arose of granting accommodation on maximum-sum contracts, whether undertaken for the government, for coöperative societies, or for private parties, the finance committee of the C. W. S. refused its sanction and no further accommodation has been extended. The reason for this is that the Society maintains a building department of its own and it was seen that either this would have to be given up, or the Society must deny further accommodation to the Guild, and it chose the latter course. The guilds forthwith withdrew all their insurance from the C. W. S., meaning a loss of business to the latter of something like £250,000, and made arrangements to carry on their work by means of a levy on the members of the N. F. B. T. O., and also by a national loan of £150,000. It subsequently transpired that the Guild, foreseeing the competition that must inevitably arise between the two, had made repeated offers to coöperate with the C. W. S. on a supply-production basis, the Society to furnish the necessary materials and provide for finance, and the Guild to organize and carry on production for all contracts,

whether with coöperative societies or with outside parties. Such a combination would have proved mutually advantageous and might even have become invincible, but the C. W. S. has so far refused to consider it. The chief difficulty is very likely one of principle, for the coöperative societies conduct their business for a profit and the guilds do not.

The Guild employs a firm of chartered accountants, together with a traveling auditor, to supervise the accounts of the local committees and issue the balance sheets of the regional councils. Until recently the accounts of the London Guild were audited by the Audit Department of the Coöperative Wholesale Society, and the statement of profit and loss for the year ending March 31, 1921, as certified by the Society's public auditor, shows a net loss on the year's transactions of £43.18.3. Loan capital at that time represented a liability of something over £1000, sundry creditors claimed £30,727.1.2, and the overdraft at the C. W. S. bank came to £12,317.17.5. Plant, machinery, and office equipment constituted assets which, allowing for depreciation, amounted to very nearly £8000, and the sundry debtors' account totaled £33,313.8.11. For the year ending March 31, 1922, at which time the London Guild's accounts were merged with those of the Manchester Society in the newly-created National Guild, this loss of £43 was converted into a net surplus of over £6000, an amount equivalent to a dividend of 30 per cent on the total capital in operation during the year. The balance sheet of the London Guild as at March 31, 1922, and the profit and loss account for the twelve months then ending are herewith reproduced through the courtesy of Mr. Sparkes. No attempt will be made to discuss these financial statements, as most of the items speak for themselves.

## BALANCE SHEET OF THE LONDON GUILD

(As at March 31, 1922)

Liabilities	£.	s.	d.	Assets	£.	s.	d.	£.	s.	d.
Share capital .....	1	4	..	Freehold property at cost				2,093	17	..
Old loan subscriptions 1,138	8	6		Factory in course of erection at cost .....				6,535	1	4
National loan subscriptions .....	10,215	15	3	Motor lorry at cost ....	201	10	7			
Sundry creditors ....	28,492	13	9	Less depreciation .....	20	3	1	181	7	6
Income tax deducted ..	13	10	..	Machinery as last year	1,806	11	9			
Bank overdraft .....	28,173	11	7	Additions during year	621	19	..			
Profit and loss account 6,188	12	11			2,428	10	9			
	74,223	16	..	Less depreciation .....	247	9	9	2,181	1	..
				Huts as last year .....	533	6	9			
				Additions during year ..	878	14	..			
					1,412	..	9			
				Less depreciation .....	143	10	5	1,268	10	4
				Plant as last year .....	5,131	4	7			
				Additions during year ..	4,786	6	3			
					9,917	10	10			
				Less depreciation .....	3,227	5	10	6,690	5	..
				Furniture and office equipment as last year	441	11	10			
				Additions during year ..	304	16	2			
					746	8	..			
				Less depreciation .....	82	18	1	663	9	11
				Miscellaneous assets as last year .....				3	17	6
				Stock in hand:						
				Materials .....	1,475	4	10			
				Literature .....	74	10	..			
				Stationery .....	168	9	1	1,718	3	11
				Work in progress .....				10,898	18	1
				Sundry debtors .....				39,579	16	7
				Suspense account:						
				Accounts paid in adv.	199	5	3			
				Installation cost, etc., carried forward ...	1,895	3	11	2,094	9	2
				Loan to Southend Guild Committee .....				50	..	..
				Cash at head office ....	32	10	6			
				Cash in hands of area committees .....	149	1	8			
				Cash in hands of various imprest holders .....	83	6	6	264	18	8
								74,223	16	..

## PROFIT AND LOSS ACCOUNT OF THE LONDON GUILD

(For 12 months ending March 31, 1922)

Dr.	£	s.	d.	£	s.	d.		£	s.	d.	Cr.
To administrative expenses of head office:							By gross profit brought from working account	20,750	1	4	
Salaries .....	6,082	19	11				By discount received (own account) .....	512	15	6	
Postage, stationery, etc.,	922	14	11				By bank interest .....	157	9	3	
Rent, light, and heating, etc. ....	908	12	3				By agency commission ..	221	3	..	
Bank interest and charges .....	1,270	5	5				By miscellaneous receipts	26	14	1	
Insurances .....	47	6	6								
Traveling expenses, board meetings, and miscellaneous expenses	1,026	11	2	10,258	10	2					
								21,668	3	2	
To literature and advertising expenses .....	227	8	4				By surplus for year brought down .....	6,232	11	2	
Less sales of literature ..	132	6	9	95	1	7					
								6,232	11	2	
To area committees' expenses .....				397	6	8					
To administrative expenses of local depots and general job administration .....				932	14	9					
To property expenses ..	115	19	10								
Less rents received .....	94	4	2	21	15	8					
To miscellaneous expenses				8	16	..					
To depreciation of plant and machinery .....				3,721	7	2					
To surplus for year carried down .....				6,232	11	2					
				21,668	3	2					
To deficiency brought forward from 1920-21.				43	18	3					
To net surplus .....				6,188	12	11					
				6,232	11	2					



At a meeting of the National Board in November, 1921, the Guild's surveyors reported that since the formation of the Guild, work to the total value of £16,000,000 had been tendered for, of which £4,000,000 had been accepted by local authorities, but that this amount had subsequently been cut down by the Ministry of Health to £1,250,000. Two hundred and seventy tenders in all had been submitted to local authorities, in addition to approximately two hundred tenders for private work. To the outsider these statements will seem rather dismaying, but it should be remembered that the average contracting firm considers it is doing well when 10 per cent of its estimates are accepted, and the Guild has done considerably better than this, so far as acceptance of the tenders by local authorities is concerned. The Ministry of Health, furthermore, has been consistent in reducing contracts for housing schemes to the smallest possible dimensions on grounds of economy, and the Guild, in having its accepted tenders cut down by more than one-half, has been treated no whit differently from other contractors. The success of the Guild in meeting the competition of private builders is to be measured, not by the amount of contracts finally sanctioned by the Ministry, but by those accepted on the part of local authorities, and here the Guild has established the exceptional record of 25 per cent accepted.

Notwithstanding this record, Mr. S. G. Hobson, who does not always speak for the best interests of the building guilds, declared recently that the system of competitive tendering was "downright wicked." It not only encourages scamping, he claims, through the premium placed on lower estimates for material costs, but it often involves collusion between employer and worker to substitute inferior grades of workmanship or

material for those ideally required. Some of his comment is characteristic:

The truth is that tendering has become a silly gamble, totally incompatible with serious business. . . . It often happens that by the mere cast of a die men are compelled to work for a master when they want to work for themselves. *The Building Guild will not be finally established until we can say: "This is a fair price; if you don't like it the work won't be done."* That is the final application of the labour monopoly. . . . *The system of tendering is the most powerful weapon the employers possess to beat the building operatives into subjection.*<sup>2</sup>

We may disregard the more provocative of these remarks, which are truly unworthy of the spirit in which most of the guildsmen carry on their work, and concentrate our attention on the last sentence which has been quoted. The writer believes that the system of competitive tendering has subjected the guilds to a number of disadvantages, among which is the undeniable fact that the guilds tender only on the basis of the highest quality of workmanship and materials, whereas the private contractor tenders on whatever basis he may please, meritorious or otherwise. These disadvantages, however, are far outweighed by a very tangible advantage which the guildsmen themselves should be the first to recognize and appreciate. It was stated by the surveyors in their report in the following words: "It is obvious that on a competitive basis, and until the reputation of the Guild is firmly established for the quality rather than the cost of its work, the future of the Guild will be difficult unless there can be an increase in production at least equivalent to the superior quality of the work." The writer would go even farther and declare that the Guild is entitled to no future unless it can raise the level of production by at least this amount and thus redeem the good name of the building industry

2. The Building Guildsman, January, 1922, pp. 19, 20. Italics have been added.

of Great Britain. Here is a chance for the guilds to demonstrate that the organization of industry which they propose is capable of arousing the workers to a sense of what "organized public service" really means, to a realization that "ca'canny" practices do not conduce to the success of any industrial enterprise, however it is managed, and to a desire to put forth efforts in the performance of their work that outside of America would be thought suicidal.

In a manifesto issued early in 1920 on behalf of the N. F. B. T. O., entitled, "Wage-Slaves or Free Men: the Building Workers' Choice," a challenge was made to the Ministry of Health in the following terms:

If Dr. Addison [former Minister of Health] will give us the contracts . . . we, with the building guilds, will build all, and more than all, the houses that are required. *We will build them more cheaply than the private contractors, and we will save the taxpayers millions of pounds.*<sup>3</sup>

The guilds have not had the chance to build either "all" or "more than all" the houses that were required, but they have repeatedly made the claim that, if allowed to compete on equal terms with the private contractor, they could build houses not only at less cost but at the same time of better quality, than could the private builder under exactly the same circumstances. It will now be our task to discover to what extent this two-fold claim has been borne out.

With regard to reduced costs, it is apparent that the guilds have put their faith in the policy of continuous pay to increase the efficiency of their workers and so lower the costs of labor and maintenance. Since continuous pay itself is an added element in the total wages

3. Italics have been added. The authorship of this manifesto has been attributed to Mr. George Hicks, President of the N. F. B. T. O., but this is not known for certain to the writer.

bill, it is obvious that Guild labor, in order to pay its way, must increase its efficiency not only by the amount it receives over the regular standard rate, but by something else besides — something in addition which will enable the Guild to underbid the private contractor and at the same time to pay higher wages to its workers. In the first annual report of the London Guild it was estimated that under the policy of continuous pay the Guild was increasing the standard rate by approximately  $11\frac{1}{2}$  per cent, and at the same time was reducing the cost of building by at least 5 per cent below its own estimates, which were in turn substantially below the estimates of competing private contractors. The writer has not been able to confirm this statement. His experience has been, rather, that the amount paid to workers in respect of continuous pay has not exceeded  $3\frac{1}{2}$  per cent of the total annual wages bill — that is to say, that the *cost* of continuous pay represents an increase over the standard rate of about  $3\frac{1}{2}$  per cent per annum — and that the saving on estimates, altho each block of houses completed by the Guild almost invariably shows some saving, has varied considerably and probably does not approximate on the average the 5 per cent estimated.

At the time that the Guild first announced its intended policy of continuous pay to workers through sickness, accidents, bad weather, and holidays, predictions were freely made that this would result in a thoro demoralization of the labor force, that malingering would be rampant, and that workers would endeavor, to use the words of one writer, to make their job a convalescent home. None of these predictions, to the writer's knowledge, have been fulfilled. Mr. Sparkes was probably speaking for the entire building guild movement when he declared, in a letter to the writer,

that malingering, so far as the London Guild was concerned, is unknown. That this is an accurate statement of the Guild's experience in carrying out this new departure in workers' remuneration is amply evidenced by the following statistics regarding the estimated and actual cost of continuous pay to the London Guild for the year ending March 31, 1922: <sup>4</sup>

#### CONTINUOUS PAY RECORD OF THE LONDON GUILD

(For the year ending March 31, 1922)

Contingency	Income as allocated	Actual expenditure
Sickness .....	£4,162.15.11	£1,566.17. 9
Accident .....	1,307.10.10	233.15.10
Stress of weather .....	2,881.18. 8	734. 5. 4
Holidays .....	4,803. 2. 7	3,683.18. 2
Reserve .....	2,081. 7.10	
Total .....	£15,236.15.10	£6,208.17. 1

As already stated, the total amount actually expended for continuous pay during this period works out at about  $3\frac{1}{2}$  per cent of the total wages bill.<sup>5</sup> For the year ending September 30, 1921, the cost of continuous pay for the London Guild was somewhat less, the total amount so expended, £2408,<sup>6</sup> standing to the total wages bill, £96,000, in the ratio of about  $2\frac{1}{2}$  per cent. That this reduction of 8 per cent from the original estimate is due entirely to the efforts of the workers to keep down the expenses of the Guild is evident from the following statistics regarding sickness and accident pay for the entire time that the London Guild has been in operation:

4. Furnished to the writer by the courtesy of Mr. Sparkes.

5. Wages paid by the London Guild during the year ending March 31, 1922 are stated in the working account as: on basic contracts, £146,066.19.2; on other contracts, £30,750.8.7.

6. This amount was distributed as follows: for bad weather, £24; for sickness, £243; for accidents, £80; for holidays, £2061.

## SICKNESS AND ACCIDENT STATISTICS OF THE LONDON GUILD

(Period from October, 1920 to April, 1922)

Average number employed .....	1,000
Approximate number of days worked .....	272,000

Contingency	Sickness	Accident
Total number of claims .....	361	73
Total number of days benefit paid .....	4,712	999
Average duration of claim (days) .....	13½	27
Percentage of days lost per man .....	1.73	0.36

It so happens that one of the national unions in the building trades, that of the operative plasterers, maintains certain beneficiary features similar to those comprehended in the Guild's scheme of continuous pay, and a comparison between them seems to indicate that the Guild has been the more successful of the two. For the 1.73 per cent of total working days lost per man on account of sickness in the Guild, the National Association of Operative Plasterers had an average of 3.19 per cent lost per man on the same account. Again, the percentage of days lost per man through accident in the Guild was .36 per cent, whereas the rate in the N. A. O. P. was .66 per cent per man. To make an even sharper comparison: workers in the service of the London Guild during the period from October, 1920 to March, 1922 lost an average of 4.7 days per man through sickness, about half the number lost each year by uninsured workers in the United States, about half the number lost in 1915 by insured workers in Germany, and about half the number lost in 1913 by insured workers in Austria.<sup>7</sup> In France, where a system of mutual insurance prevails, the average number of days lost through sickness in 1910 among members of the so-called "free" insurance

7. The commission on industrial relations reported in 1915 that an average of 9 days each year is lost by the wage earners of the United States on account of sickness. The rate per insured worker in Germany, where sickness insurance was introduced as early as 1885, had risen to 9.19 days lost per man in 1915. In Austria the average number of days lost per insured worker in 1913 was 9.45.

societies was 3.87 per insured member — a figure with which the Guild's showing of 4.7 days per worker for a somewhat longer period compares quite favorably. It is almost beyond doubt that this comparatively low rate of sickness and accident liability has been made possible through the determination of the workers to draw upon the Guild's resources only so much as was absolutely necessary.<sup>8</sup>

One conclusion — a negative one — may, then, be drawn as to continuous pay, and that is that it has not encouraged malingering. Has it, however, fulfilled the purpose for which it was in large part designed — to increase the efficiency of labor to such a degree that the guilds would be able to build more cheaply than the private contractor and so "save the taxpayers millions of pounds"? Direct evidence on this point is difficult to secure, since not only are private building concerns extremely reluctant to disclose their costs on housing contracts, but such data, even if available, might prove valueless for purposes of comparison because of dissimilarities in the types of houses constructed or differences in local conditions. Evidence is not wanting, however, to show that labor on Guild contracts is considerably more efficient than on private builders' work, and this greater efficiency is reflected in the ability of the Guild not only to underbid the private contractor, but also to effect substantial reductions on its own estimates.

Data as to the comparative efficiency of labor on Guild and on private builders' contracts are to be ob-

8. Similar experience has been had with payment for time lost during bad weather. Workers in the service of the Guild are much less inclined to "rain off" than are those employed under a private contractor; in fact, they have stretched trade-union rules to the point of accepting temporary jobs on "inside" work, even when these were outside their own craft, rather than "lean on the pool." It has been said that at Worseley and Walkden, where the Guild has housing schemes under construction, the men work in all sorts of weather.

tained chiefly from two sources: first, evidence secured by direct, personal observation; secondly, information vouchsafed from time to time by employers, local officials, and others who have had an opportunity of following closely the work of the guilds. The writer had occasion many times during the winter and spring of 1921-22 to visit the building sites at Walthamstow and Greenwich, and he may speak as one who has had considerable experience in factory work and is able to distinguish with fair accuracy the movements of the earnest and industrious worker from those of the slacker. Speaking as such, he is free to say that the activity of the workmen on Guild contracts — tho by no means to be described as "intense," as one English writer has characterized it — is much more noticeable and much more efficient than that of workmen on the average private builder's contract.<sup>9</sup> Altho the efficiency of Guild labor, at least to American eyes, does not appear as anything remarkable, it is certainly superior to that to be found elsewhere in the building industry of Great Britain, except on the best organized and most carefully supervised of private builders' work. The writer would hesitate to express his opinion thus positively were it not confirmed by the observations of an American builder who had similar opportunity, early in 1921, of comparing the work of the guildsmen with that of workmen employed by private building concerns.<sup>1</sup>

In this case the evidence of personal observation is well sustained by the statistical data available as to

9. This is not to say that the Guild workmen were other than leisurely in their movements — they would cease to be British were they not — or were never to be found loitering about on the site. The writer has more than once discovered groups of bricklayers, carpenters, and others idling about on the scaffolding apparently engaged in earnest and animated discussion. These may, of course, have been impromptu committee meetings — the guilds have many of them — but in any event they make an unfavorable impression on the uninitiated onlooker.

1. Cf. A. M. Bing, "The British Building Guilds," *The Survey*, October 29, 1921, pp. 167-171.



comparative labor efficiency. Employers, public officials, and technicians of various grades seem equally unanimous in the opinion that Guild workers are much more steady and rapid in the performance of their work than are those employed by private contractors, and they offer figures to support their statements. Mr. Stephen Easten, in a speech before a conference of the National Federation of Building Trades Employers in April, 1921, declared that the guilds were demonstrating that many of the workers on private contracts were doing less than half a day's work for a full day's pay. This, he said, was shown by the fact that the latter lay 350 bricks a day while the guildsmen lay from 700 to 800. Of similar purport is information obtained by the writer from the engineer of the Walthamstow District Council, and this seems to show that the efficiency of labor on Guild work is nearly twice that on private builders' work. According to the Council's engineer, the most that any private contractor of his acquaintance could get from his men was 450 bricks laid per day, which was considered a very good average, whereas the guildsmen on the Walthamstow contract were laying regularly from 800 to 820 bricks per day on straight-wall work. Incidentally it may be remarked that some twenty years ago, before the "ca'canny" agitation had set in and under a 10-hour day, the average bricklayer in England was expected to lay about 1000 bricks a day, which was considered a fair rate. In America at the present time it is quite common for workmen to lay between 3000 and 4000 bricks per man per day, and by a scientific arrangement of scaffolding and materials and a reduction in the number of movements required for the operation by something like two-thirds, a rate three times the present rate has been obtained <sup>2</sup> — fifteen times greater than

2. Cf. Frank B. Gilbreth, *Bricklaying System*.

that of the guildsmen and twenty-five times greater than that of the average British laborer! In extenuation of the Guild and of British labor generally it may be remarked that the brick in use in England is somewhat larger and more difficult to handle than that commonly used in building construction in this country. The fact remains, however, that there is an enormous disparity between the efficiency of building trades labor in the two countries, and this fact must influence to a considerable extent our conclusions as to the future of the Guild movement.

Another valuable bit of evidence as to the comparative efficiency of labor on Guild and private builders' contracts has been furnished by Mr. W. H. Nicholls, vice-president of the Building Trades Employers' Federation. In a speech at Bristol in April of this year, he declared that in a case which had come under his observation the cost of nine-inch work with pointing done by workmen on private contracts was 8s. 5*d.* per yard super, while the cost of similar work done by Guild workers on an adjoining site was 3s. 2½*d.* per yard super, practically one-third the cost of the private builder.<sup>3</sup> "In other words," he went on to say, "the guilds are paying by results. Building employers are determined as a trade to have the same privileges and pay their men for what they produce." The writer made diligent inquiries to verify this statement as to the Guild's having introduced a system of payment by results, but he was unable to discover any basis for it in fact. The guilds have more than once expressed their profound abhorrence for "Taylorism" and all its works; indeed, if anything is certain as to the future of the Guild movement,

3. The "work" in question is bricklaying, and the dimension refers to the length of the brick. "Pointing" is a finishing operation whereby the interstices between bricks on exposed surfaces are sealed over with fine, hard cement.

it is that no system of individual payments or payment by results will ever be introduced as part of the guilds' working policy. The whole tendency of their economic thought is in the opposite direction — toward a communal basis of remuneration. It is evident that Mr. Nicholls was misinformed on this point, altho his evidence is none the less pertinent on that account.

By far the most convincing proof of the superior efficiency of Guild labor is to be found in the data that have become available as to building costs on the contracts where houses have already been completed. It is obvious that if bricklayers, as was shown above, are from two to three times more efficient on Guild contracts than on private employers' contracts, the cost of building operations must be correspondingly reduced, since the cost of materials for the two should be about the same. Dr. Addison, former Minister of Health, declared in the House of Commons in January, 1921, that altho he did not believe the figures as to comparative rates of bricklaying were generally true as they had been quoted to him, he was ready to state that an increase of output from 300 to 900 bricks a day would be equivalent, on the average, to a saving in cost of about £70 per house.<sup>4</sup> That this was an accurate estimate is shown by the fact that the guilds have not only been able many times to underbid the private contractor by a margin in excess of £70 per house, but have actually succeeded in building below their own estimates to an amount which in many cases has averaged £70 per house, and in some instances has reached as high as £150 or £200 per house. Not all the evidence on this point can here be given in detailed form, but the writer has selected the two largest contracts of the London Guild — those at Walthamstow and Greenwich — as

4. *The Builder*, January 21, 1921.

fairly typical, and these will now be given a close examination.

Tenders for the Walthamstow contract of 400 houses were submitted in September, 1920, and one month later it was announced that the Guild tender had come out the lowest of all competing tenders, *after the inclusion of the 6 per cent charge for establishment expenses, plant, and maintenance, and the £40 completion fee for continuous pay.* An analysis of the tenders is herewith presented:

Type of house	Tender of the Walthamstow Guild Committee			Amount by which next lowest tender exceeded that of the Guild		
Type No. 119. End house . . . . .	£870	7	0	£119	13	0
Type No. 119. Intermediate house .	932	11	10	139	8	2
	Per house					
Type No. 171. Pair of houses . . .	1,809	0	3	104	9	10½
Type No. 183. End house . . . . .	838	1	2	57	10	0

An average saving to the local authority, then, of about £100 per house was effected through acceptance of the Guild's tender. The contract was signed in October, 1920, and by November of the following year 70 houses in all had been completed. The total actual cost of these houses, as compared with the total estimated cost, after allowance had been made for alterations and extras in original specifications and designs, was as follows: <sup>5</sup>

Estimated cost . . . . .	£62,755	5	6
Actual cost . . . . .	60,504	11	7
Total saving . . . . .	£2,250	13	11

From this it will be seen that a saving of approximately £32 per house in addition to the £100 per house saved through acceptance of the Guild tender, was effected on the first 70 houses constructed, despite the fact that the period of their construction fell in a time

5. According to a statement published by the accountant of the London Guild.

when prices of building materials and wages of labor were at their highest. This represents a saving on estimates of something like 3.6 per cent, somewhat less than the 5 per cent that was at first estimated. Similar savings are reported on the 32 houses later constructed by the Guild at Walthamstow during the period March, 1921 to January, 1922. A detailed statement of the average costs and savings for each type of house in this more recent group is herewith reproduced.<sup>6</sup>

STATEMENT OF AVERAGE COSTS PER HOUSE OF DESIGNATED TYPE  
ON GUILD CONTRACT AT WALTHAMSTOW

(Period of construction: March, 1921 to January, 1922)

Item of cost	Type 119 (18 houses)	Type 183 (10 houses)	Type 171 (4 houses)
Labor, haulage, and unloading .....	£321 10 ..	£339 .. ..	£345 10 5
Materials .....	443 13 4	442 2 ..	520 10 9
Overhead charges (including staff salaries and wages, insurance, fuel, water, etc.) ..	41 4 ..	41 2 ..	45 10 2
Average prime cost per house (including overhead charges) .....	£806 7 4	£822 4 ..	£911 11 4
6% for establishment expenses, plant, and maintenance .....	£48 8 ..	£49 6 ..	£54 12 6
Completion fee .....	40 .. ..	40 .. ..	40 .. ..
Average total cost per house .....	£894 15 4	£911 10 ..	£1,006 3 10
Average basic price per house in tenders of September, 1920 .....	£851 9 8	£838 1 2	£904 10 1
Average basic cost per house after making allowance for balance of extras over deduc- tions and fluctuations .....	808 18 ..	828 1 5	891 14 11
Approximate saving per house over aver- age basic price .....	£42 11 8	£9 19 9	£12 15 2

On 18 of the 32 houses — those of a type which constitutes a majority of the houses constructed at Walthamstow — an average saving of over £42 per house

6. Furnished to the writer by the courtesy of Mr. G. W. Holmes, engineer of the Walthamstow Urban District Council. The form of statement has been somewhat simplified.

was effected, an amount equivalent to 4.9 per cent of the average basic price. On the other two types the average saving effected was considerably less, and this variation in the amount saved as between different types of houses will be found to hold true of building costs on nearly all the Guild contracts.

The contract with the Greenwich Borough Council for the erection of 190 houses on the local housing scheme at Charlton was not signed until March 4, 1921, and altho more than 100 houses have already been completed, the writer is able to give figures as to costs for only the first 26 houses constructed. A comparative analysis of the estimated and actual costs on houses of Types B. 3. S. and B. 4. N. follows:<sup>7</sup>

Items of cost	Type B.3.S. (16 houses)		Type B.4.N. (10 houses)	
	Estimated cost	Actual cost	Estimated cost	Actual cost
Basic cost per house .....	£888 12 5	....	£1029 13 11	....
Additions as certified by council's surveyor .....	18 2 7	....	19 8 9	....
Further work since acceptance .....	90 .. ..	....	55 .. ..	....
Amended basic estimate ....	996 15 ..	£927 8 1	1104 2 8	£1072 11 5
Add contract fee — 6% ....	59 16 ..	55 12 6	66 4 6	64 6 6
Add completion fee — £40 ..	40 .. ..	40 .. ..	40 .. ..	40 .. ..
Total cost per house .....	£1096 11 ..	£1023 .. 7	£1210 7 2	£1176 17 11
Approx. saving per house ...	£73 10 5		£33 9 3	

Savings of approximately 6.6 per cent and 2.7 per cent on the revised basic estimates for Types B. 3. S. and B. 4. N. respectively were thus obtained on the Charlton housing scheme. The writer attempted to secure similar figures as to costs on houses of the same

7. Furnished to the writer by the courtesy of officials on the Greenwich Borough Council. The statement was originally prepared by Mr. H. Barham, accountant of the London Guild.

types constructed for the Council by a private building concern, but he was unsuccessful.

On practically every contract that the Guild has undertaken equally favorable results have been obtained. The first two houses built by the guildsmen at Bentley in Yorkshire (part of a contract for 77 houses) showed a saving on the private builders' estimates of more than £200 per house. At Manchester, where the guilds have contracts with the City Corporation for the building of over 2500 houses, the costs of the first houses completed show a saving, as compared with private builders' estimates, of from 15 per cent to 18 per cent. Savings of similar amount are reported for the work done by the Guild at Glasgow. At Rotherham, according to a statement of the housing committee's chairman, the Guild effected savings on the contract price of the first block of houses constructed of £130 on the non-parlor type, and of £35 on the parlor type. A private contractor building the non-parlor type of house for the Council was able to effect a saving of only £30 per house. Detailed, tho incomplete, figures as to building costs on the first 22 houses constructed by the Guild for the Rotherham Town Council are in the writer's possession, and they show savings over average basic prices for each of the seven blocks of houses quoted, as follows:

Block No. 1, 2 houses, £ 22 per house:
Block No. 2, 4 houses, £ 89 per house:
Block No. 3, 4 houses, £162 per house:
Block No. 4, 4 houses, £155 per house:
Block No. 5, 4 houses, £153 per house:
Block No. 6, 2 houses, £ 67 per house:
Block No. 7, 2 houses, £114 per house.

— an average saving for the 22 houses of £120 per house, which represents about 13 per cent of the average basic price for all the houses. At Walkden and Hey-

wood also substantial savings were secured by the local authorities through the ability of the guilds to underbid the private contractors on the basis of an increased efficiency of labor.

The evidence is overwhelming, then, that the efficiency of Guild labor is much superior to that of labor employed by the average private builder. Is the quality of workmanship, however, maintained at an equally high level? In answer to this question the writer would state that only once in the course of his inquiries did he encounter a person who held other than a favorable opinion of Guild workmanship. The person in question was hardly qualified to render an expert judgment, and he ended by remarking that the guilds probably did as good work as any of the private contractors, "but all these workmen's houses are jerry-built, you know, anyhow." Against this may be set the opinion of a number of experts—trained technicians—who have had ample opportunity of examining the work of the guilds. The engineer of the Walthamstow District Council declares, in a letter to the writer, that "the Guild is undoubtedly putting the very best work into the houses — better, I think, than the ordinary contractor in many cases. . . . As one who recommended the Council to give the Guild their first contract, I can say I do not regret having done so." The chairman of the Rotherham Town Council's housing committee similarly declares that "so far as workmanship is concerned, the work of the Guild is superior to anything I have seen in cottage building. . . . Nearly every one of our applicants for houses wants a Guild house, and there is keen competition to get one. Some of the applicants, altho living under very crowded conditions, are quite willing to wait weeks for a house if they can have the promise of one built by the Guild." The surveyor of the Bentley District Council states,



with reference to the Guild-built houses: "The quality of the work is extra good and far superior to that done by any other contractors in the district." An official of the Ministry of Health declared that the work of the guildsmen at Clayton (near Manchester) was "the best in England and Wales." The chairman of the contracts subcommittee of the Manchester City Corporation is reported as saying that "work on Guild contracts beats everything." Such comments as these might be multiplied indefinitely. Architects, surveyors, engineers, clerks-of-the-works, even private employers, are almost unanimous in the opinion that the quality of Guild workmanship is much superior to that to be found on the average of private builders' contracts.

Altho the writer has not presumed to pass judgment upon work of which he has little or no expert knowledge, there is no doubt in his mind that the guilds have put a superior quality of workmanship into the houses that they have built.<sup>8</sup> He is convinced that when the guildsmen speak of reviving the craft spirit of the Middle Ages, they mean something more than mere lip-service to a high-sounding ideal. He believes that the guilds have succeeded, in an age when scamping, jerry-building, profiteering, "ca'canny," and all the other practices whose one great aim is to secure a maximum of profit from a minimum of service, have become so undeservedly popular, in instilling in their workmen a genuine pride in honest, high-grade, and efficient workmanship. This is evident from the manner in which the workers spoken to referred to their work. "We like doing our work well," said one workman. "There's no

8. Mr. Ernest Selley, an English writer and social worker, who investigated the work of the guilds early in 1921, reports that individual mortice and tenon work is the rule on all frames and roofs constructed by the Guild. The usual practice is to mortice and tenon only the main posts, and "cut in" the intermediaries, but the guilds mortice and tenon each one, and see that they are "made to fit," as one worker said to the writer.

pleasure in scamping. Any man who is a craftsman will tell you that." All joinery work on houses constructed by the Guild, instead of being contracted out or imported, as is commonly the practice among private building concerns, is done by the workmen on the site. Window-frames, staircases, dressers, cupboards, and all wooden fixtures used in the houses are turned out by the guildsmen with their own tools and equipment. The guilds recently exhibited at the Building Exhibition held at Olympia, and their stand was described by one trade paper as the best in the show. They have also shown considerable enterprise in developing the technical side of their work, and are now advertising a new method of coloring woodwork without stain and by chemical action, called the "Dry-tone Process," for which patent has been applied. The National Building Guild lately published a book of type plans for "Labor Saving Houses" — another Guild idea — which is given to prospective building owners to aid them in selecting the type of house they desire. The plans for the houses are all designed by the Guild's architects and include the bungalow, cottage, parlor, and non-parlor types; brief descriptions of the houses and the approximate cost per house are given in each case. It is interesting to note that both the cost plus and maximum sum forms of contract are offered by the Guild for the building of these houses.

Discipline among the rank and file of the Guild workers is maintained not so much through the fear of discharge as through the desire to coöperate effectively toward the furtherance of a common end — to realize in the policy of democratic control the means whereby a system of mutual and democratic supervision may be brought about, that is to say, supervision of the workers by the workers. From all that the writer could

gather, this novel form of employment management has had quite satisfactory results. Very few workmen have been discharged on either of the sites which were visited, and apart from occasional ill-feeling caused by petty jealousies among the men, the discipline maintained among the Guild workers was in all respects exemplary. The power of discharge, however, is given to the general foreman, and if in his opinion a man is not "pulling his own weight" or is guilty of insubordination he may be dismissed. In each case of dismissal the general foreman must inform the secretary of the guild committee in writing of his action, and the secretary may thereupon inform the workman's representative on the committee of such action. A workman discharged for any other reason than lack of work may appeal against the foreman's decision to the works committee or to his union, and, finally, to the regional board. One such case of appeal at Greenwich resulted in a complete vindication of the foreman's stand in the matter and a condemnation of the worker's attitude by the men at work on his own job. The general foreman has also the power of hiring new men as the need arises. At first the policy was to take on each man, regardless of his qualifications, so long as he was a trade-union member, in the order that he came on the volunteer roll,<sup>9</sup> but this was quickly found to be ruinous to production and the practice now is to secure the best man available for each job, provided he is a trade-union member, and to give him continuous employment. In case of a slackening of work, especially as a contract nears completion, the foreman may lay off all such men as, in his judgment, are no longer required for carrying on the work. Against his decision in this matter there

9. This was done in a number of cases where there were large numbers of unemployed in the community.

is generally no appeal. In view of the considerable powers entrusted to the general foremen, it is surprising to note that almost without exception they are competent men with previous experience in supervising the work of building operatives; but for the lack of a certain "hard-boiled" manner in dealing with the workers they might easily be mistaken for the ordinary production foreman in an American factory.

Whatever we may think of the building guilds — and the above is as true and as accurate a picture of the guilds' experience as the writer could make it — there can be no doubt that the Guild movement is spreading, not only in the building industry, but in all industries, not only in England, but in all countries of Europe. Furniture and furnishing guilds have been formed in Manchester, London, Warrington, Bristol, and other cities, and have already found it necessary to expand their plant. In several districts they and the building guilds negotiate jointly for the building of new joinery works. A slate quarriers' guild has been formed in Oswestry, North Wales, and the Building Guild has already made arrangements to supply all the Guild contracts with slate from this source. There are guilds of tailors in London, Manchester, Glasgow, and other places; there are also guilds of agricultural workers, dock laborers, post-office workers, office clerks, musical instrument makers, and engineers; in Manchester and London the manufacture of packing-cases and horse-drawn vehicles is also carried on by workers organized into guilds. All these organizations have recently been put under the control of a National Guild Council, whose task will be to coördinate and expand the activities of the constituent bodies.

At Wellington in New Zealand a building guild has been formed similar to the British Guild; in the United

States a building guild has been organized at Walla Walla, Wash., the only one, to the writer's knowledge, in the country; in many parts of Germany also there are guilds of building trades workers and they have already completed a large number of housing contracts for municipalities. In Austria a triple alliance of the trade unions, the garden city associations, and the Austrian Lodgers' Union, has been formed to serve as a basis for the Builders' and Civic Improvers' guild, whose object is to secure complete control of all house-building operations throughout Austria. The Guild has at present about 200,000 members. In Italy an organization even more closely akin to the British guilds, the National (Italian) Building Guild, has been formed and has the support of more than 200,000 members of the National (Italian) Federation of Building Operatives. The Italian guilds are organized on much the same basis as the British guilds, with local, district, and national organizations, and have under their control various subsidiary industries which supply them with building materials and equipment. The writer has no authoritative knowledge of the work of the Italian building guilds, but reports have come to him that this has not proved altogether satisfactory. However this may be, Guild Socialism in one form or another is rapidly gaining ground throughout all countries of Europe, and in dealing with it we are dealing with a movement which has long since emerged from the theoretical stage and now challenges attention, not for what it might do if it were put into practice, but for what it actually has done where it has been put into practice. Exactly how much the success of the British building guilds predicates as to the success of the entire Guild movement we shall presently discuss, but in any case some weight on the favorable side must be given to our conclusions from the

very fact that one instance in which the Guild experiment was tried has resulted in a considerable measure of success.

The test by which the building guild experiment must ultimately stand or fall is whether the organization of industry which it proposes has resulted in a better and more efficient service rendered the public than was possible under the domain of private enterprise. So far as the British building industry is concerned, and, within that industry, so far as the building of workmen's houses on government contracts is concerned,<sup>1</sup> the evidence points unmistakably to the conclusion that the Guild organization of industry, with its policies of workers' control and continuous pay, has demonstrated itself superior, in respect both of quality and economy of workmanship, to private enterprise taken at its mean level. It has not, so far as the writer could gather, yet shown itself superior, or even equal, to the best organized of private building concerns; nor is the qualified success of the building guilds to be taken as an indication that the Guild organization of industry, wherever and whenever tried, would prove itself superior to private enterprise under exactly the same conditions. As an American builder has remarked, the conditions prevailing in the British building industry in the years following the war were such that the guilds could make a quite favorable showing without either particularly good management or very great labor efficiency.<sup>2</sup> This, of course, reflects no credit on the institution of private enterprise, and the writer is of

1. In view of the fact that the guilds have received a sum equivalent to the private builder's profit to be devoted entirely to continuous pay, and have been fortunate in securing a 6 per cent allowance for plant, maintenance, and establishment charges against the private builder's allowance of 3 per cent, with the charge for maintenance included under the contract price, it seems only fair to make this qualification.

2. A. M. Bing, *loc. cit.*, p. 171.

opinion that the guilds have not only carried on their work in a reasonably efficient manner, but have maintained their favorable record even in the face of the recovery of private enterprise from its temporary post-war relapse.

Exactly what part the guilds are destined to play in the future of the British building industry is exceedingly difficult to predict. Some of the Guild leaders aspire only to a partial control of building operations,<sup>3</sup> while others are equally outspoken in their intention to secure a monopoly of the industry through the complete absorption of the labor supply by the building trades unions. Whatever the outcome of this struggle may be, the guilds from now on will be compelled to secure their contracts in the face of the keenest competition on the part of private builders, particularly of the small building contractor who works for himself, employs only members of his own family on his contracts, and has practically no overhead expenses. The guilds may be able, as Mr. Sparkes has suggested to the writer, to meet this competition by the economy of purchasing materials and supplies in large quantities, but if they are to do so their purchasing operations must be organized on a sounder and more economic basis than is the case at present. Moreover, they must somehow contrive to obtain credit and working capital to finance their future undertakings, and in this they must reckon without the support of the Coöperative Wholesale Society. It is hardly likely, as one of the Guild leaders has ventured to hope, that private individuals would be willing to advance to the Guild part of their costs to tide them over the initial expenses of installing plant and purchasing materials. And from all that the guilds

3. This was the attitude taken by Mr. Sparkes. Cf. Report of the Management and Costs Committee of the Building Trades Parliament, Part II, App. ii, p. 15.

have so far accomplished, it is altogether problematical whether they will ever be able to carry out large-scale building operations — such as would be involved, for example, in the construction of a new office building for the London County Council — owing to their peculiar type of organization and their lack of sufficient managerial and technical ability to engineer the operations. It may be that all this will come in time, or it may be that the guildsmen do not contemplate extending their organization beyond the limited field of house-building, and if such be the case, private enterprise — tho subject, we may suppose, to strict public regulation — will continue to fulfil an essential function in the future building industry of Great Britain.

The success of the building guild experiment predicates in one way a great deal, in another way very little, as to the success of a nation-wide Guild organization of industry. On the human side — that is to say, regarded as an experiment in human motives and their relation to the economic environment — the guilds have undoubtedly demonstrated that self-government in industry is a practicable ideal. Altho this is likely to upset many of our preconceived notions — or prejudices — on the possibility of “remaking” human nature, it is certainly a most valuable contribution to our present store of knowledge on the technique of social reform, and as such it deserves recognition in any forecast of the future of the Guild movement. Yet even should we assume that the guilds will be successful in overcoming all the human problems involved in a nation-wide reorganization of industry — an event which, to say the least, is not at all certain — they would still have to encounter such questions as the distribution of industrial control, the administration of inter-guild relations, and the determination of economic values under a



system wherein demand and supply have ceased to function. To the writer it is as easy to conceive that differences will arise between the various industrial guilds, serving effectually to paralyze a nation's industries, as they have in this case between the building guilds and the Coöperative Wholesale Society. The dangers inherent in a monopolistic and mutually exclusive organization of industry, with producers' groups organized solely along occupational lines, cannot, perhaps, be overestimated.<sup>4</sup> Experience has taught us that to concentrate in the hands of a small number of men the power to upset the industrial organization of an entire nation is to invite disaster, unless some impartial tribunal, whose authority is unquestioned and supreme, has the power to settle such differences and to enforce its decisions. It may be that the cases of inter-guild relations and the relations between employers and trade unionists are not strictly parallel, but Guild theorists will have to be much more explicit on this point before they can command support for their doctrines. To repose faith in some "supreme judicial tribunal" to harmonize all differences and smooth away all friction in the relations between guilds, when by a single act the workers in one industry could leave helpless the general body of consumers by withdrawing their services for an indefinite period of time, would be folly of the least creditable sort.

In this connection it is interesting to recall the pronouncement, previously quoted, of Mr. S. G. Hobson: "The Building Guild will not be finally established until

4. Altho it is one of the professed aims of the guilds to develop the "team-spirit" in modern industry, they are likely to run into serious difficulties unless the form of occupational grouping which they propose is supplemented by some more inclusive allegiance to a state or local community, wherein political rather than economic interests receive chief emphasis. On the whole, Professor McDougall's principle of "multiple group-consciousness" seems a sounder basis of social organization than any plan for a soviet, syndicate, or central guild committee that has so far been evolved. Cf. McDougall, *The Group Mind* (New York, 1920), pp. 111-119.

we can say: 'This is a fair price; if you don't like it the work won't be done.' That is the final application of the labour monopoly." These words possess particular significance in view of the fact that under a guild state, where commodities would have to be exchanged much the same as they are in the modern industrial community, the forces of demand and supply, as determiners of value and price, would for the most part have ceased to function. In these circumstances it is difficult to see how the value of a commodity — which is nothing more than its power to command other commodities in exchange — could be determined, and therewith its "fair price," unless upon some specious theory of "labor maintenance" or "labor-time units of production." Perhaps the guilds will eventually adopt the method of ultimatum, as recommended above by Mr. Hobson, demand and supplication to take the place of demand and supply. Assuming for the moment, however, that the ultimate determinant of value in a Guild industrial system would be the cost of labor maintenance, including payment for time lost through unemployment, sickness, accident, bad weather, and holidays, it follows inevitably that there must be a uniform standard rate for all industries to serve as a common measure of the costs of production. It also follows that there must be a uniform standard of labor efficiency in all industries — something very difficult to assess — to insure against the possible exploitation of one industrial guild by another. Workers in the clothiers' guild, for example, would feel justly aggrieved if they knew that the price paid for their cloth was unnecessarily enhanced through the inefficiency of the textile workers or through the fact of the latter's being paid at a higher rate for their services. An endless source of difficulties is thus provided by the absence of free and voluntary exchange of

commodities as the means of determining value and price.

In closing it may be pointed out that the countries in which differential remuneration and capitalist methods of production have been carried to their farthest extent are, generally speaking, those in which the working classes enjoy the greatest amount of freedom and prosperity. The reason for this can be none other than that such methods are conducive to the greatest industrial efficiency and the greatest national productivity. With such an enormous disparity between the efficiency of labor in Great Britain and in the United States as was indicated earlier in this article, the American people could hardly be expected to regard the success of the Guild movement in Great Britain as an indication that Guild methods of carrying on industry would prove superior to those developed under private enterprise in this country. Capitalism, it must be remembered, is something of an experiment itself, and in the country where it has had its greatest development it has had results not altogether unbeneficial.

It may be that in drawing up this indictment of Guild Socialism we have been unduly critical of what it may pretend already to have accomplished and unduly pessimistic as to what it may be expected to accomplish in the future. Simply to point out obstacles is not to make them insuperable. The academic observer is proverbially a man of doubt; perhaps it is inevitable, even desirable, that he should be so. Yet it is none the less true that while he is engaged in spinning out *a priori* objections to some contemplated social reform, leaders of men may sweep multitudes on with them to a great triumph — or, it may be, to a great tragedy. And after all is over — when the city is built high or lies moldering in ruins — the professor ventures forth

from his study and explains to us how it all happened. Such a non-partisan attitude has much to commend it, yet it should not hazard this advantage by refusing to view with an open mind the programs of social amelioration which more active members of society may have in charge. The powers of the human will, when once roused under the stimulus of a great ideal, envisioned and interpreted by great leaders of men, may be capable of achieving heights quite undreamed of in even our fondest imaginings. At any rate, the student of social science would do well to realize that human actions, especially in those situations where new and untried social stimuli are at play upon the variable elements of human consciousness (those elements whose depths the coarse thumb and finger of a behaviorist psychology have so far failed to plumb), may forever remain to him indeterminable in the kind and degree of stimuli which serve to evoke them, and therefore incalculable in the effects which they may have on the future development of industrial society.<sup>5</sup>

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5. James, of all modern psychologists, was keenest in his perception of this truth. Altho unwilling to subscribe to the conception of will as an absolutely independent variable, he many times laid emphasis in his writings on the indeterminate character of many of the efforts which proceed from that curious synthesis of impulse, feeling, and reason called "will." "Before their indeterminism," he says, "science simply stops. . . . Her prevision will never foretell, even if the effort be completely predestinate, the actual way in which each individual emergency is resolved. . . . Science must be constantly reminded that her purposes are not the only purposes, and that the order of uniform causation which she has use for, and is therefore right in postulating, may be enveloped in a wider order, on which she has no claims at all." *Principles of Psychology*, vol. ii, p. 576.